

Message Text

UNCLASSIFIED

PAGE 01 BOGOTA 07049 01 OF 02 081957Z

70

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-07 H-03 INR-11 L-03 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 NIC-01 COA-02 DLOS-07

AID-20 EB-11 CIEP-03 TRSE-00 STR-08 OMB-01 CEA-02

COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01 IO-14

PC-10 FEA-02 AGR-20 DRC-01 /212 W

----- 008978

O R 081819Z AUG 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC IMMEDIATE 4195

INFO AMEMBASSY CARACAS

USCINCSO

AMCONSUL CALI

AMCONSUL MEDELLIN

UNCLAS SECTION 1 OF 2 BOGOTA 7049

EO 11652: NA

TAGS: PINT PFOR CO

SUBJ: PRESIDENT LOPEZ'S INAUGURAL SPEECH

1. SUMMARY: DURING HIS ONE HOUR LONG INAUGURAL ADDRESS, PRESIDENT LOPEZ MICHELSEN CONCENTRATED LARGELY ON MATTERS OF INTERNAL REFORM, ECONOMIES, AND THE PROBLEM OF INFLATION. LOPEZ MENTIONED MORALIZATION OF THE PUBLIC ADMINISTRATION AND THE FIGHT AGAINST INFLATION AS "PILLARS" OF HIS PROGRAM. HE SPENT CONSIDERABLE TIME ON THE COLOMBIAN-VENEZUELAN TERRITORIAL WATERS DISPUTE, IN WHICH HE AUGURED A SOLUTION WHICH WOULD SATISFY BOTH COUNTRIES. HE DID NOT MENTION RELATIONS WITH CUBA OR THE PRC; NOR DID HE MAKE ANY REFERENCE TO THE UNITED STATES. HE SAID THE DILEMMA CONFRONTING THE NEW GOVERNMENT WAS THAT OF HAVING PROBLEMS AS A RESULT OF SEEKING CHANGE OR HAVING THEM FOR LACK OF CHANGE. LOPEZ SAID THAT HE WAS OBLIGED TO MAKE CHANGE, EVEN AT THE COST

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BOGOTA 07049 01 OF 02 081957Z

OF DIFFICULTIES AND OBSTACLES. DEVOTING A LARGE PORTION OF HIS

SPEECH TO ECONOMICS, HE OFFERED A PESSIMISTIC PROGNOSIS FOR INTERNATIONAL ECONOMIC PROGRESS. HE PROPOSED IN GENERAL TERMS COUNTERINFLATIONARY AND INCOME DISTRIBUTION PLANS, INCLUDING PRICE CONTROLS, TAX REFORM, CAPITAL MARKET REGULATION, AND A VAGUE PROPOSAL ON TRADE WITH SOCIALIST COUNTRIES. SURPRISINGLY HE DID NOT MENTION GOVERNMENT SUBSIDIES EVEN INCLUDING TAX CREDIT CERTIFICATES FOR EXPORTS (CAT'S). THE SPEECH WHILE LONG AND TOUCHING MANY POINTS, WAS MARKEDLY NON SPECIFIC. END SUMMARY.

2. LOPEZ BEGAN HIS SPEECH MODESTLY, EXCUSING THE LIMITATIONS WHICH WOULD BE NOTED DURING HIS ADMINISTRATION DUE TO A LACK OF EXPERIENCE AND FAMILIARITY WITH PROBLEMS OF GOVERNMENT, TO WHICH HE WAS EXPOSED LATE IN LIFE WHEN HE WAS ABLE TO ENTER PUBLIC LIFE WITHOUT CONFLICT WITH HIS CONVICTIONS.

3. ADMINISTRATIVE MORALITY. COLOMBIA'S GROWTH AND THE PHENOMENON OF INFLATION, LOPEZ SAID, HAVE CAUSED A RELAXATION IN MANY INSTANCES IN THE MORAL TONE OF GOVERNMENT OFFICIALS WHO ARE SOMETIMES JUSTLY PERCEIVED BY THE PUBLIC AS VENAL. TAKING THE INSTITUTION OF OMBUDSMAN AS A MODEL, THE PRESIDENT PLANS TO STRENGTHEN THE COMPLAINTS OFFICE OF THE PRESIDENCY, SO THAT THE PRESIDENT WILL BE ABLE SPEEDILY TO REMOVE OFFICIALS, WITHOUT THE DELAYS IMPLICIT IN NORMAL JUDICIAL PROCEDURES, WHEN THERE IS SERIOUS REASON TO DOUBT THE PROBITY OF SUCH OFFICIALS. THIS PROPOSAL, WHICH HAS BEEN FORMULATED BY A COMMISSION OF DISTINGUISHED JURISTS OF BOTH LIBERAL AND CONSERVATIVE PARTIES, WILL BE SUBMITTED TO THE CONGRESS FOR EARLY APPROVAL. OFFICIALS REMOVED IN THIS MANNER WILL CONTINUE TO HAVE RECOURSE TO NORMAL LEGAL ACTION TO CLEAR THEMSELVES. THE PRESIDENT THEN REFERRED TO THE BROADER PROBLEM OF THE EXTREME SLOWNESS OF JUDICIAL DECISIONS WHICH LEAVE MANY OFFENSES VIRTUALLY UNPUNISHED. THE OUTGOING MINISTER OF JUSTICE LEFT TO THE CONGRESS VARIOUS PROPOSALS TO REMEDY THIS SITUATION AND THESE PROPOSALS WILL RECEIVE FULL SUPPORT OF THE LOPEZ GOVERNMENT.

4. SPECIAL POWERS. SOME OF THE MEASURES WHICH LOPEZ OUTLINED, HE EXPLAINED, ARE MATTERS REQUIRING LEGISLATIVE ACTION, OTHERS CAN BE EFFECTED BY NORMAL DECREE OR ACTIONS BY THE MONETARY AUTHORITIES. HOWEVER, SINCE AT THE INITIATIVE OF THE LIBERAL PARTY CHIEF TURBAY, PRESIDENT OF THE CONGRESS, THE POSSIBILITY OF

UNCLASSIFIED

PAGE 03 BOGOTA 07049 01 OF 02 081957Z

EXTRAORDINARY POWERS HAS BEEN RAISED, LOPEZ WISHED TO ADVANCE HIS PROPOSAL TO USE THESE POWERS "FOR REFORMS OF AN ADMINISTRATIVE NATURE, SHOULD THEY BECOME NECESSARY, BUT NOT FOR MEASURES TO REMEDY THE SOCIAL AND ECONOMIC SITUATION, (WHICH MAY BECOME NECESSARY) IF ECONOMIC INDICATORS SHOULD ALERT ME TO THE NEED TO APPLY ARTICLE 122 OF THE CONSTITUTIONAL AMENDMENT OF 1968 ON THE STATE OF EMERGENCY". (ARTICLE 122 EMPOWERS THE CABINET TO GRANT SPECIAL POWERS TO THE PRESIDENT.) LOPEZ ADDED

"BEFORE SERIOUS SOCIAL AND ECONOMIC CONDITIONS SHOULD TROUBLE THE ORDERLY PROCESS OF COLOMBIAN SOCIETY, OBLIGING ME TO DECLARE A STATE OF SIEGE, I WOULD FIRST TRY TO USE ARTICLE 122 AND ATTACK THE ROOT OF THE EVIL WITH THE APPLICATION OF EMERGENCY ECONOMIC MEASURES, RATHER THAN RELYING ON ARTICLE 121 (STATE OF SIEGE) TO SUFFOCATE PROTEST. I DO NOT WANT, EXCEPT IN THE FINAL EXTREMITY, TO CALL ON THE ARMED FORCES." HE THEN DELIVERED A EULOGY OF THE COLOMBIAN ARMED FORCES AND ITS ROLE DURING THE PAST 25 YEARS.

5. POLICY OF THE MASSES. THE PRESIDENT, WHO HAS SUCCEEDED NOTABLY SINCE HIS APRIL ELECTION IN REMAINING APART FROM PARTISAN CONTENTION OR INTRA-PARTY STRIFE, STATED THAT HIS WOULD BE A "NEUTRAL" GOVERNMENT, STANDING APART FROM PARTISAN CONTROVERSIES. HE WENT ON, HOWEVER, TO STATE THAT IN CONTRAST TO SOME OF HIS EARLIER PREDECESSORS HE WOULD NOT BE NEUTRAL IN FIGHTING FOR HIS PROGRAMS.

6. DECENTRALIZED AGENCIES. LOPEZ REITERATED HIS CAMPAIGN PROMISE TO DECENTRALIZE WHAT HE REFERRED TO AS "THE SO-CALLED DECENTRALIZED AGENCIES". IN THIS INSTANCE, HOWEVER, HE PLACED PARTICULAR EMPHASIS ON OFFICIAL BANKING INSTITUTIONS SUCH AS THE COFFEE BANK, CATTLEMEN'S BANK, AND PRIVATE INVESTMENT FUND, AND GAVE ONLY PASSING MENTION TO SUCH OTHER AGENCIES AS ECOPETROL (PETROLEUM) AND IDEMA (GRAIN). HE DID NOT, IN THIS CONTEXT, MENTION INCORA, THE LAND REFORM AGENCY, TO WHICH HE HAD DEVOTED CONSIDERABLE ATTENTION DURING THE CAMPAIGN.

7. VENEZUELAN BORDER DISPUTE. THE PRESIDENT SAID THAT HE WAS

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 BOGOTA 07049 02 OF 02 082106Z

60/70

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-07 H-03 INR-11 L-03 NSC-07 PA-04

RSC-01 PRS-01 SP-03 SS-20 NIC-01 COA-02 DLOS-07

AID-20 EB-11 CIEP-03 TRSE-00 STR-08 OMB-01 CEA-02

COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01 IO-14

PC-10 FEA-02 AGR-20 DRC-01 /212 W

----- 009977

O R 081819Z AUG 74 ZFG
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC IMMEDIATE 4196
INFO AMEMBASSY CARACAS
USCINCSO
AMCONSUL CALI
AMCONSUL MEDELLIN

UNCLAS SECTION 2 OF 2 BOGOTA 7049

C O R R E C T E D C O P Y (FIRST LINE OF TEXT)

CONFIDENT THAT DURING HIS ADMINISTRATION A MUTUALLY SATISFACTORY SETTLEMENT OF THE GULF OF VENEZUELA BOUNDARY COULD BE ACHIEVED. HE POINTED OUT THAT THROUGHOUT THE YEARS OF NEGOTIATIONS ON THIS ISSUE, COLOMBIA AND VENEZUELA HAD MAINTAINED EXCELLENT RELATIONS WITH ONE ANOTHER.

8. LATIN AMERICAN INTEGRATION. LOPEZ CHARACTERIZED THE ANDEAN PACT (FORMED WHEN HE WAS FOREIGN MINISTER) AS THE MOST TRANS-CENDENTAL STEP YET ON PATH TO RECOVER BOLIVAR'S LAST DREAM OF SPANISH AMERICAN UNITY, AND PROMISED THAT HIS GOVERNMENT WOULD PURSUE ANDEAN AS WELL AS LAFTA INTEGRATION. HE MENTIONED IN PASSING THAT RECENTLY INDEPENDENT COUNTRIES IN THE CARIBBEAN "MARE NOSTRUM" OF THE AMERICAS, OFFER POTENTIAL EXPORT MARKETS FOR COLOMBIA.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BOGOTA 07049 02 OF 02 082106Z

9. CUBA. ALTHOUGH, DURING THE DAYS PRECEDING THE INAUGURAL, THERE HAD BEEN CONSIDERABLE SPECULATION ON THE NEW PRESIDENT'S APPROACH TO THE CUBAN QUESTION, LOPEZ DID NOT MAKE ANY MENTION OF CUBA DURING HIS SPEECH.

10. INFLATION AND INCOME DISTRIBUTION. NEW PRESIDENT DEVOTED MUCH OF HIS INAUGURAL ADDRESS TO INFLATION-RELATED MATTERS, BUT AVOIDED DESCRIBING DETAILS OF PROGRAMS HE PROPOSED. HE COMPARED INFLATION TO ALCOHOLIC OVERINDULGENCE, WHICH BEGINS WITH EUPHORIC STATE OF HIGH GROWTH RATES AND INCREASED EMPLOYMENT, BUT DEGENERATES INTO SELF-DESTRUCTIVE HIGHER COSTS AND DECREASED EMPLOYMENT. NEVER HAD THEIR BEEN, HE SAID, SUCH INCOME DISPARITIES IN COLOMBIA AS DURING RECENT GALLOPING INFLATION. HE ASSIGNED AS CAUSES BUDGET DEFICITS, MONEY SUPPLY INCREASES CAUSED BY NIROW-ING MINOR EXPORTS, EURODOLLAR FINANCING OF ENTERPRISES UNCONNECTED WITH DEVELOPMENT, AND HIGH IMPORT AND PRODUCTION COSTS OF SOME PRODUCTS.

11. HIS WORLDVIEW IS THAT, RATHER THAN BEING AT AN INTERNATIONAL

ECONOMIC TAKEOFF STAGE, WE ARE AT THE PEAK OF A FAVORABLE ECONOMIC CYCLE. FOR COLOMBIA, BUDGET DEFICIT OF THREE BILLION PESOS (US \$120 MILLION) PLUS FOREIGN DEBT NOW COMING DUE AND ON WHICH FLEXIBLE INTEREST RATES IN SOME CASES WILL REACH 12 PERCENT, CALL INTO QUESTION WHETHER CURRENTLY HIGH FOREIGN RESERVES ARE OF MUCH SOLACE IN TIMES CALLING FOR AUSTERITY AND DISCIPLINE IN FACE OF MATERIAL SHORTAGES.

12. LOPEZ' NEW ECONOMIC TEAM HAS READY COMPLETE STABILITY PLAN TO PREPARE COUNTRY FOR NEW TIMES. TRADE WITH SOCIALIST COUNTRIES, WHICH ACCOUNT FOR 40 PERCENT OF WORLD TRADE (SIC) AND WHICH PRODUCE AN ABUNDANCE OF PETROCHEMICALS (LOPEZ SPENT SEVERAL WEEKS IN ROMANIA AFTER HIS ELECTION), WILL BE RESTRUCTURED SO THAT IT IS NOT DEPENDENT ON COFFEE INTERESTS WHICH FREQUENTLY UNDERPRICE SALES IN THIS MARKET. STABILIZATION PLAN ALSO INCLUDES RESTRUCTURING OF FINANCIAL MARKET CHARACTERIZED BY PLETHORA OF INTEREST RATES, AND RECUPERATION OF A NATIONAL MINERAL VOCATION IN SUCH AS COAL, NICKEL, PHOSPHATES AND GOLD THAT SHOULD CONTRIBUTE MORE SIGNIFICANTLY TO BALANCE OF PAYMENTS. WITH ENERGY RESOURCES OF COAL, OIL, GAS AND WATER POWER, COLOMBIA SHOULD BE SELF-SUFFICIENT IN THIS REGARD. SPECTACULAR DECREASES IN INTER-
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BOGOTA 07049 02 OF 02 082106Z

NATIONAL COFFEE AND COTTON PRICES (SIC) CONFIRM THESIS THAT WAVE OF PROSPERITY HAS CRESTED, AND SIGNIFY MUCH LESS PROMISING FUTURE THAN SEEMED LIKELY A FEW MONTHS AGO.

13. CONCERNING INCOME DISTRIBUTION, LOPEZ SAID HE WOULD BE INSINCERE IF HE DID NOT ANNOUNCE HIS INTENTION TO MAKE FUNDAMENTAL CHANGES TO SATISFY LONG REPRESSED LONGINGS. HE WILL READJUST SOME PRICES THAT ARE DISCOURAGING PRODUCTION, FREEZE SOME, AND PERHAPS REDUCE SOME TO FORMER LEVELS. TAXES ON LABOR AND CAPITAL WILL BE REDISTRIBUTED MORE EQUITABLY. TAX EVASION WILL BE ATTACKED, IN LIGHT OF COLOMBIAN TAX RATES EQUIVALENT TO THOSE IN ADVANCED COUNTRIES BUT VERY LOW COLLECTIONS REPRESENTING ONLY 8-1/2 PERCENT OF GDP. PRESUMPTIVE TAXES WILL BE APPLIED NOT ONLY TO AGRICULTURE BUT ALSO TO OTHER SECTOCN THAT CONTRIBUTE LESS THAN THEIR SHARE. FINALLY, RIGOROUS CONTROLS WILL BE APPLIED TO PRIVATE SAVINGS SYSTEMS IN ORDER TO PUT AN END TO THE CONCENTRATION OF ECONOMIC POWER IN MUTUAL FUNDS AND CAPITALIZATION OF FIRMS.

14. TEXT OF SPEECH BEING POUCHED TO ARA/LA.
VAKY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INAUGURATION, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BOGOTA07049
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740217-0568
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740865/aaaacdsa.tel
Line Count: 271
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2002 by reddocgw>; APPROVED <22 JAN 2003 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT LOPEZ'S INAUGURAL SPEECH
TAGS: PINT, PFOR, CO, (LOPEZ MICHELSEN, ALFONSO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005